

~~SECRET~~ 4285002March 13th, 1959.COCOM Document No. 3447B

AE-K

COORDINATING COMMITTEERECORD OF DISCUSSIONONPROPOSED FRENCH SALE OF NATURAL URANIUM AND NUCLEAR GRAPHITE TO POLAND4th March, 1959.

Present: Belgium(Luxembourg), Canada, Denmark, France, Germany, Italy, Japan, Netherlands, United Kingdom, United States.

Reference: COCOM Document No. 3395.

1. The CHAIRMAN drew the attention of delegates to COCOM Document No. 3395 and stated that he was most appreciative of the way in which this case had been brought to the Committee's notice. He noted that the French Delegation were accompanied by highly competent experts who would be able to reply to any questions put, and asked the French Delegate if he wished to make any comments.

2. The FRENCH Delegate stated that he would first reply to the questions put directly to him by certain delegations regarding the case submitted by his Government. He confirmed that the Polish request involved uranium ingots, sheathed in aluminium, which would have the form of rods of 1 cm in diameter and 12 cm in length. The 50 tons of nuclear-grade graphite were in the form of blocks measuring 200 x 200 x 600 mm. It was not possible at the present time to state with certainty the end-use of the goods involved but, from their specifications, there was every reason to believe that they were intended for a research reactor. The 3 tons of natural uranium amounted to some 60 million francs, and the 50 tons of graphite to nearly 40 million francs. The French Government had formally undertaken not to authorise this export without the agreement of the competent international organisations. The Delegate then introduced three experts whose presence was indicative of the French Government's interest in the problem before the Committee, and who were ready to reply to any questions which the various delegations might wish to put.

3. The questions and answers might be summed up as follows:

(a) Q. By the BELGIAN Delegate: What would be the end-use of the products concerned? In what kind of installation would they be used and what were the main characteristics of that installation? What was the expected date of delivery? What type of payment had been envisaged?

A. The negotiations were still in too preliminary a stage to reply to these questions. These elements could not be known until a contract had been signed. However, as mentioned above, it would seem that the products concerned were intended for a research reactor.

(b) Q. By the ITALIAN Delegate: Did the transaction provide for the recovery of the combustible elements?

~~SECRET~~

SECRET

- 2 -

COCOM Document No. 3447B

A.. It was likewise too early to reply to this question.

(c) Q. By the NETHERLANDS Delegate: Could some details be given as to the method of controlling the peaceful end-use of these products ?

A. The control would be ensured by the International Atomic Energy Agency in Vienna. If the latter were unable to assume responsibility for this control, the French Government would not authorize the export.

(d) Q. By the CANADIAN Delegate: To what extent were the safeguards provided by the Agency applicable in the case of Poland ? Would the Agency agree to the supply of this type of product to Poland, and would the latter be willing to accept the control of the Agency ?

A. It would only be possible to know if the Agency were able to ensure control of the export once the Committee's approval had been given.

(e) Q. By the UNITED STATES Delegate: What was the nature of the transaction ? Was it a commercial transaction between a private French firm and a Polish firm or the Polish Government, or a transaction between Governments ? What guarantees would the Polish Government be ready to provide against the re-export of these products, and what were the exact terms in which such guarantees would be couched ?

A. It would be a transaction between Governments. A French firm had received a request directly from the Polish Purchasing Office for the possible supply of the products concerned. They had contacted the Atomic Energy High Commission who in turn had brought the matter before the Ministry for Foreign Affairs. As to the guarantees against re-export, the matter had been broached to the Polish authorities who had given their agreement in principle. Since, however, no formal agreement had yet been reached, it was impossible to know the exact terms of these guarantees. The French Delegation would, when possible, transmit them to the Committee, although this was the first time that such a request had been made and should in no way constitute a precedent.

4. The CHAIRMAN noted that no more questions appeared to be forthcoming, and invited delegates to make known their Governments' views on the substance of the matter.

5. The NETHERLANDS Delegate stated that his Government would raise no objection to this transaction, provided that the control of the peaceful use of the products concerned were duly ensured.

6. The DANISH and ITALIAN Delegates stated that their Governments would raise no objection to this transaction, if it were subject to the system of safeguards afforded by the International Atomic Energy Agency in Vienna.

7. The UNITED STATES Delegate began by thanking the French Delegation for the care they had taken in submitting this request, as was apparent from the presence of such highly qualified experts. The Delegate recognized that this was the first time that a delegation had been asked to give the exact terms of the guarantees provided by the Polish Government, but pointed out that the very exceptional importance of this transaction justified such a departure from normal practice. The Delegate further stated that he was unable to give his Government's agreement at the present meeting and that,

S E C R E T

SECRET

- 3 -

COCOM Document No. 3447B

in view of the importance of the matter, he hoped that adequate time would be allowed for an exhaustive study. The United States Government might have some sympathy for this transaction since it could speed up the institution of an efficient system of controls and safeguards by the Atomic Energy Agency. They were studying this side of the question and would like to have the French Government's opinion in this respect.

8. The Delegate explained that this transaction created a special internal problem for his Government. Since uranium was covered by Title I Category A of the Battle Act Lists, the President of the United States did not have the power to grant an exception for the sale of this product to the Sino-Soviet Bloc. Nuclear-grade graphite, however, fell under Title I Category B, enabling the President to grant exceptions when necessary. The United States authorities were at present conducting very high-level discussions as to whether or not, juridically speaking, it was possible to consider that the shipment of a Category A item through an international organisation - even if the final destination were a Communist Bloc country - constituted a shipment to the Bloc under the terms of the Battle Act. Articles IX and XI of the Agency's statutes provided for the transfer of nuclear material to the Agency but made no mention of the end-use. The shipment concerned in the present instance would be carried out in accordance with the provisions of Article XII of the Agency's statutes, which provided for transfer to the Agency when the final destination was a Communist Bloc country. The Delegate stressed once again that this was purely an internal question, but was nevertheless a determining factor in the United States Government's attitude.

9. The UNITED KINGDOM Delegate appreciated the advantages afforded by the transaction contemplated if it were accompanied by the necessary safeguards. He was aware that United States legislation often prevented the United States Government from approving the direct export to the Sino-Soviet Bloc of products in this category, and noted that the United States Government were seeking a juridical solution to allow export to the International Atomic Energy Agency. The United Kingdom Government would also be glad if the French Government could persuade the Poles to receive the products involved through the Agency, and address their order to the latter, it being understood that France was to supply the material required.

10. The BELGIAN Delegate stated that at first sight his Government had no objection to the French proposal but, before giving their final reply, they would like to have some information as to the type and main characteristics of the installation for which these products were intended.

11. The CANADIAN Delegate stated that his Government had not yet completed their study of the French case, and undertook to transmit to them the views expressed during the present meeting. He hoped to be able to give views at the date set by the Committee.

12. The GERMAN Delegate stated that his Government would have no objection to the transaction contemplated, if it could be carried out through the Vienna Agency. He assumed that all the requirements of Euratom would be fulfilled, and would appreciate it if the French Government would keep the Committee informed of developments in the negotiations.

13. The FRENCH Delegate thanked the Committee for the very clear views just expressed, which would help his authorities to pursue their negotiations. He explained that his Government, as a Member of Euratom, would not fail to inform that organisation of the problem under consideration. The French Delegation were well aware that it would be necessary to allow Member Governments extra time before making known their final views but, while not wishing to exert pressure on the other delegations, they would nevertheless remind them that the initial Memorandum had been submitted on the 12th February. The French Delegation would reply to outstanding questions at

S E C R E T

SECRET

- 4 -

COCOM Document No. 3447B

whatever date the Committee might wish to set.

14. Turning to the administrative side of the transaction, the expert of the FRENCH Delegation, in reply to the United States Delegate, stated that the question of controls had been closely examined by the French Government, who were aware of the difficulties inherent in the application of a control by the Vienna Agency. He too thought that this transaction might be an expedient to induce an Eastern country to accept such a control for the first time. The expert noted with satisfaction that the United States Government were studying the problem of exceptions to the Battle Act controls in the case of shipments to the Atomic Energy Agency. The United States itself had in 1953/1954 donated 5 tons of enriched uranium to the Agency. This consignment was carried out under the terms of Articles IX and XI, i.e. without reference to the end-use. It was true that the transaction at present under consideration came within the framework of Article XII; the French Government could conclude an agreement with the Polish Government in order to place the transaction under the control of the International Agency. As to the United Kingdom Delegate's suggestion, the expert pointed out that such a procedure would be contrary to the Agency's statutes, under which the requesting country was forbidden to specify which country should supply the products to the Agency, and the supplying country to specify to which country delivery should be made. In recalling that negotiations had only reached a preliminary stage, the expert felt that, when the talks had progressed further, it might be possible for his Government to make their pursuit conditional upon a formal understanding that Poland would agree not only that the contract should be signed with the approval of the Atomic Energy Agency, but also that it should be carried out under the Agency's control.

15. The CHAIRMAN asked whether it would be possible to have the products concerned supplied through the Agency, without compelling Poland to address their order to the Agency. In this way the transaction would be carried out under the terms of Articles IX or XI rather than of Article XII, a circumstance which might facilitate the solution of the United States Government's problem. The expert of the FRENCH Delegation felt that such a possibility certainly warranted further study.

16. The UNITED KINGDOM Delegate took note of the French expert's reply to the suggestion he had made, and stated that another solution might be for the other Member Governments not to compete with France in this instance. The United Kingdom Government, for their part, would be willing to respect this condition.

17. The CHAIRMAN noted that the Belgian Delegation, subject to the reply received on certain outstanding technical points, and the Danish, German, Italian, Netherlands and United Kingdom Delegations had given their agreement in principle to the pursuit of the negotiations on condition that adequate control could be assured. The position of the United States Delegation was linked with a problem of internal legislation, and the Canadian Government had not completed their study of the question.

18. The FRENCH Delegate was most grateful to the CHAIRMAN for his summing up, and assured the Committee once again that his Government would exercise extreme caution in continuing to negotiate this transaction. While recognizing the difficulties encountered by the United States Government, the Delegate hoped that it would be possible to have a reply before the Easter recess. He undertook, moreover, to reply directly to the technical points raised by the Belgian and Italian Delegations.

19. The COMMITTEE agreed to fix the provisional date of the 16th March for resumption of discussion, in the hope that all Member Governments would then be ready to state their views.

S E C R E T